

Message Text

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PAGE 01 OECD P 16651 01 OF 02 162159 Z

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ACTION EUR-25

INFO OCT-01 ADP-00 AID-20 CEA-02 CIAE-00 COME-00 EB-11

EA-11 FRB-02 INR-10 IO-13 NEA-10 NSAE-00 RSC-01

OPIC-12 TRSE-00 CIEP-02 LAB-06 SIL-01 OMB-01 SS-15

NSC-10 L-03 H-02 ABF-01 RSR-01 /160 W

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R 161846 Z JUN 73

FM USMISSION OECD PARIS

TO SECSTATE WASHDC 9955

UNCLAS SECTION 1 OF 2 OECD PARIS 16651

E. O. 11652 N/ A

TAGS: AORG, EFIN, NATO, OECD

SUBJECT: REPORT OF SENATE FOREIGN RELATIONS COMMITTEE ON
1973 AUTHORIZATIONS

REF: STATE 103846

1. FOLLOWING ARE COMMENTS ON QUESTIONS RAISED BY
SENATE COMMITTEE ON FOREIGN RELATIONS QUOTED IN REFTEL,
PRESENTED IN SUCH FORM THAT THEY COULD BE USED OR DRAWN
UPON BY DEPARTMENT, AS REQUESTED PARA 2 REFTEL. COMMENTS
CORRESPOND TO ORDER OF QUESTIONS QUOTED IN YOUR PARAS 1
AND 3 WHICH COMMITTEE "DIRECTS" DEPARTMENT OF STATE TO
INCLUDE IN REPORT.

2. A) STATEMENT JUSTIFYING CONTINUED U. S. MEMBERSHIP.
ACTIVE PARTICIPATION IN OECD PROVIDES U. S. WITH INTER-
GOVERNMENTAL FORUM WHICH HAS COMPOSITION AND MANAGEABLE
SIZE UNPARALLELED ELSEWHERE FOR DEALING WITH OTHER
INDUSTRIALIZED COUNTRIES ON POLICY PROBLEMS COMMON TO
ECONOMIES OF ADVANCED NATIONS. ACTIVITIES COVER ENTIRE
RANGE OF ECONOMIC FIELDS -- FROM DOMESTIC ECONOMIC
POLICY AND BALANCE OF PAYMENTS ADJUSTMENT TO SPECIAL
FIELDS SUCH AS AGRICULTURE OR ENVIRONMENT -- ON WHICH
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PAGE 02 OECD P 16651 01 OF 02 162159 Z

COOPERATION WITH OTHER MAJOR GOVERNMENTS CAN BE FRUITFUL. THESE ACTIVITIES ARE PRIMARILY CONSULTATIVE IN NATURE AND CARRIED OUT IN ATMOSPHERE OF CONFIDENTIALITY. MOREOVER, THE OECD' S USEFULNESS IS ENHANCED BY THE RELATIVELY INFORMAL NATURE OF ITS PROCEEDINGS THE FLEXIBILITY OF ITS STRUCTURE, THE QUALITY OF ITS SECRETARIAT, AND THE STRONG ORIENTATION OF ITS ACTIVITIES TOWARD USABLE POLICY CONCLUSIONS. WHERE APPROPRIATE, ACTIVITIES LEAD TO COOPERATIVE COMMITMENTS BY GOVERNMENTS OR OPERATIONAL ACTIVITIES. IF THE U. S. WERE DEPRIVED OF THIS OPPORTUNITY FOR MULTILATERAL CONSULTATION, IT WOULD BE FORCED TO PURSUE THESE NECESSARY DISCUSSIONS WITH OTHER GOVERNMENTS EITHER THROUGH A MULTITUDE OF BILATERAL TALKS, THROUGH A SERIES OF MAKE- SHIFT GROUP MEETINGS, OR THROUGH CONTACTS AT WORLD- WIDE ORGANIZATIONS IN WHICH DEVELOPED COUNTRIES WITH COMMON PROBLEMS ARE HEAVILY OUT- NUMBERED. (DEPART- MENT MIGHT CITE AS SPECIFIC EXAMPLES OF ECD USEFULNESS

(1) COORDINATION OF OIL POLICIES (HIGHLY SUCCESSFUL IN 1967 AND IMPORTANT AGAIN NOW). (2) COORDINATION ON ECONOMIC ASPECTS OF ENVIRONMENT (E. G., PCB' S DECISION), KEL ACHIEVEMENT IN GAINING RECOGNITION OF SURPLUS COUNTRIES' RESPONSIBILITIES IN B/ P ADJUSTMENT PROCESS.) B) HOW OUR CONTRIBUTION IS CALCULATED. AT TIME OECD ESTABLISHED IN 1961, U. S. NEGOTIATED ARRANGEMENT WHEREBY ITS CONTRIBUTION WOULD BE FIXED AT 25-0/0 OF ORGANIZATION BUDGET, DESPITE BASIS OF CALCULATION APPLICABLE TO OTHER MEMBERS. ALL OTHER MEMBERS PAY PORTION PRO- RATED APPROXIMATELY ACCORDING TO GROSS NATIONAL PRODUCTS. C) HOW U. S. COULD REDUCE ITS PERCENTAGE. USG COULD REQUEST, IN COURSE OF ANY ANNUAL PROGRAM AND BUDGET CYCLE, TO OPEN NEGOTIATIONS ON NEW CONTRIBUTION PERCENTAGE. SUCH GOAL ALMOST CERTAIN TO PROVE NON- NEGOTIABLE, SINCE OTHER MEMBERS REGARD U. S. 25-0/0 LIMITATION AS HIGHLY PREFERENTIAL ARRANGEMENT. D) HOW U. S. COULD WITHDRAW. LIKE ANY OTHER CONTRACTING PARTY, U. S. GOVERNMENT COULD UNDER ARTICLE 17 OF OECD CONVENTION " TERMINATE THE APPLICATION OF THIS CONVENTION TO ITSELF BY GIVING 12 MONTHS' NOTICE TO THAT EFFECT TO DEPOSITORY GOVERNMENT." E) INCREASES IN OECD BUDGET. U. S., ASSISTED BY OTHER

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PAGE 03 OECD P 16651 01 OF 02 162159 Z

LARGE MEMBERS, HAS EXERCISED CONSTANT VIGILANCE OVER BROWN

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PAGE 01 OECD P 16651 02 OF 02 162142 Z

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FM USMISSION OECD PARIS
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UNCLAS SECTION 2 OF 2 OECD PARIS 16651

BUDGET PROPOSALS TO ASSURE EFFICIENCY AND ECONOMIES,
ATTENTION TO PRIORITY AREAS, AND CUTS OF MARGINAL PROGRAMS.
AS RESULT, MAJOR PORTION OF RECENT CHANGES IN DOLLAR
COSTS FOR U. S. CONTRIBUTION ARISE FROM WORLD- WIDE
INFLATION OF COSTS AND FROM DOLLAR DEVALUATION. REMAINING
INCREASES ARE DUE TO EXPANSION OF COOPERATIVE ACTIVITIES
ON WHICH USG PLACES HIGH IMPORTANCE.

F) REGARDING THIS QUESTION, EXECUTIVE BRANCH MAY WISH
TO INCLUDE FOLLOWING STATEMENT: LONG- STANDING VACANCY
IN U. S. REPRESENTATION HAS INDEED BEEN REGRETTABLE, IN
SENSE OF PLACING EXTRA- ORDINARY BURDEN ON MISSION. THIS
VACANCY DOES NOT REFLECT, HOWEVER, ANY LACK OF INTEREST
IN EXECUTIVE BRANCH. ON THE CONTRARY, THE LEVEL AND
OVERALL EFFECTIVENESS OF U. S. PARTICIPATION DURING PAST
YEAR HAVE BEEN HIGH. THOSE COMMITTEES EMBODYING POLICY-
MAKING OFFICIALS FROM CAPITALS HAVE BEEN ATTENDED BY
WASHINGTON CABINET OR SUB- CABINET OFFICIALS AT LEVELS
EQUALING AND USUALLY EXCEEDING THOSE OF OTHER MEMBER
GOVERNMENTS. U. S. TOOK INITIATIVE THAT LED TO ESTABLISH-
MENT LAST FALL OF NEW HIGH- LEVEL CONSULTATIVE GROUP TO
CONSIDER INTERRELATIONSHIPS OF CURRENT TRADE AND MONETARY
NEGOTIATIONS AND RELATED QUESTIONS ON INTERNATIONAL
INVESTMENT. OECD COUNCIL AT MINISTERIAL LEVEL MET LAST
WEEK WITH U. S. REPRESENTED FOR FIRST TIME SINCE 1961 BY

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PAGE 02 OECD P 16651 02 OF 02 162142 Z

TWO CABINET MEMBERS HEADING USUAL TOP- DRAWER DELEGATION.
DURING THIS PERIOD, IN ADDITION TO ACCOMPLISHMENTS
MENTIONED IN SUB- PARA (A) ABOVE, MISSION NEGOTIATORS
HAVE OBTAINED AGREEMENT FROM OTHER OECD MEMBERS FOR
RETURN TO U. S., IN CASH OR OVER PERIOD OF YEARS, OF
QUARTER BILLION DOLLARS IN MONEY CONTRIBUTED AS GRANT
AID TO PREDECESSOR OF OECD.

3. A) OECD HAS NEVER OPERATED ON QUOTAS OR ALLOCATIONS
OF POSITIONS BY NATIONALITY.

B) MISSION RECENTLY TRANSMITTED (TO PHILLIPS, RPE)
BREAKDOWN U. S. CITIZENS EMPLOYED BY OECD ACCORDING TO
RANK. THESE DATA SHOW THAT HIGH PROPORTION OF U. S.
EMPLOYEES OF OECD ARE IN UPPER CATEGORIES.

C) PROPORTION OF U. S. EMPLOYEES HAS REMAINED SMALL.
THIS ATTRIBUTABLE TO VARIETY OF FACTORS: GEOGRAPHIC
DISTANCE, SALARY LEVELS LOWER THAN CORRESPONDING PRIVATE
AND GOVERNMENT SALARIES IN U. S., UNWILLINGNESS U. S.
NATIONALS TO LOSE SENIORITY RIGHTS IN U. S., ETC.
RELATIVE ATTRACTIVENESS OECD JOBS LIKELY TO INCREASE
NOW, OWING TO CURRENCY REALIGNMENTS AND TO LESS BUOYANT
EMPLOYMENT SITUATION IN U. S. FOR ECONOMISTS. MISSION
AND WASHINGTON AGENCIES CONSTANTLY ON LOOKOUT FOR GOOD
CANDIDATES FROM CIVIL AND FOREIGN SERVICE, UNIVERSITIES,
AND PRIVATE SECTOR. DESPITE GROWING ATTRACTIVENESS OF
DIRECT- HIRE AT OECD SALARIES, WE NEED TO SUPPLEMENT THIS
BY CONTINUED SELECTIVE USE OF FSR APPOINTMENTS. THIS
HAS NOT BEEN FACILITATED BY USG LEGISLATION AND
IMPLEMENTING REGULATIONS PLACING LIMITATION ON NATURE
AND DURATION OF FSR APPOINTMENTS. BROWN

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